

# **EXHIBIT M**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

DVIR UNGAR, et al.,  
Plaintiffs,  
v.

THE ISLAMIC REPUBLIC OF IRAN,  
et al.,  
Defendants.  
.....

. Docket No. CA 00-2606 JR  
. Washington, D.C.  
. Tuesday, January 15, 2002  
. 9:44 a.m.

**FILED**

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NANCY MAYER WHITTINGTON, CLERK  
U.S. DISTRICT COURT

TRANSCRIPT OF EVIDENTIARY HEARING  
BEFORE THE HONORABLE JAMES ROBERTSON  
UNITED STATES DISTRICT JUDGE

APPEARANCES:

For the Plaintiffs:

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Proceedings reported by machine shorthand, transcript produced  
by computer-aided transcription

1 just to tell the head of the anti-terrorist branch of the CIA  
2 on this time, Winston Canistrano [phonetic], I hope I pronounce  
3 the name good, he was -- he said in 1995, that we know about  
4 Iran; we have to fight against Iran, because today they're  
5 doing -- they're training people to put bombs in Jerusalem and  
6 in Tel Aviv and tomorrow, that's what he said exactly, it's  
7 going to be -- the bomb is going to be in Washington. He was  
8 not far away.

9 THE COURT: Mr. Shaked, thank you very much, sir.

10 MR. STRACHMAN: Thank you, Your Honor.

11 That's all, Mr. Shaked.

12 (Witness excused.)

13 MR. STRACHMAN: We have our next witness, Judge. I  
14 think he's in the hall.

15 THE DEPUTY CLERK: Would the witness step forward,  
16 please?

17 REUVAN PAZ, PLAINTIFFS' WITNESS, AFFIRMED

18 THE DEPUTY CLERK: Would you please be seated and  
19 speak into the microphone, sir?

20 DIRECT EXAMINATION

21 BY MR. STRACHMAN:

22 Q. Your name, sir?

23 A. Reuven Paz.

24 Q. Okay. Dr. Paz, what is your field of expertise?

25 A. My field of expertise is Palestinian society and politics,

1 and mainly Islamic movements all over the world.

2 Q. And what -- you have a Ph.D. in what subject, sir?

3 A. The development of the Palestinian Islamic groups between  
4 '67 and '88.

5 Q. And have you qualified as an expert witness in this very  
6 courthouse on several other occasions?

7 A. Yes. This is actually my fifth expert testimony.

8 Q. Okay. And do you -- have you written about Palestinian  
9 terrorism?

10 A. Yes. I have written mainly about -- mainly about Hamas  
11 and the Palestinian Islamic jihad.

12 Q. Okay. Where are you currently employed?

13 A. Well, right now I am senior research fellow at the  
14 International Policy Institute for Contraterrorism in Israel;  
15 and since last October, I'm developing a new project of the  
16 research of radical Islam or radical Islamic movements in  
17 Israel.

18 Q. Dr. Paz, I'm going you what has been marked for  
19 identification number 4. Is that your CV?

20 A. Yes. That's right.

21 MR. STRACHMAN: Your Honor, I'd like to offer this as  
22 a full exhibit.

23 THE COURT: Exhibit 4 will be received.

24 (Plaintiffs' Exhibit No. 4 was  
25 received into evidence.)

1 BY MR. STRACHMAN:

2 Q. Your Honor, based on the testimony and the CV, I'd ask  
3 that Dr. Paz be admitted as a -- offer him rather as an expert  
4 in Palestinian terrorism and terrorist groups?

5 THE COURT: Yes. He -- his testimony, his expert  
6 testimony in those areas will be received.

7 MR. STRACHMAN: Thank you.

8 BY MR. STRACHMAN:

9 Q. Now, Dr. Paz, could you tell us about the relationship --  
10 the relationship between Hamas, Iran, its genesis and what  
11 brings the two together?

12 A. In the first two or three years of the intifadah, the  
13 Palestinian uprising, and the establishment of Hamas on  
14 December '87, Hamas, a Sunni movement of the Muslim  
15 brotherhood, was opposing actually the Islamic ideology of the  
16 Iranian regime and did not tend at that time to cooperate with  
17 the Iranians; and actually, the turning point was mainly in '91  
18 following the Gulf War where unlike the PLO and the Palestinian  
19 national leadership, which sided totally with the Iraqis, Hamas  
20 as a rival of the PLO, started to side with the Saudis, the  
21 Kuwaitis, and therefore this was one of the main reasons for a  
22 change in the policy and the ideology of Hamas towards the  
23 Iranians.

24 That was one point.

25 Another point, which is also connected to the Gulf War,

1 was the fact that Saudi Arabia and the other Gulf states seized  
2 at the time to support the PLO and Palestinian national  
3 leadership and actually gave -- I would say -- Hamas a green  
4 light to change their attitude or their relations with Iran;  
5 and following that year, we started to -- the -- to witness  
6 growing relations between Hamas and Iran, not only on the  
7 political or ideological basis, but gradually on the  
8 operational basis as well.

9 Q. What brings them together? What do they have in common?

10 A. Well, first of all, maybe I should add another element  
11 which is important here in regard to the year '91. This was  
12 the Madrid conference which was actually the real start of --  
13 that led afterwards to a kind of reconciliation between Israel  
14 and the Palestinians.

15 The Middle Eastern power that was, let's say, mostly  
16 opposed to this new process was first of all Iran and on the  
17 Palestinian level, it was Hamas which denied any possibility of  
18 any contact, any link, any conciliation with Israel and started  
19 to criticize very much the -- the then PLO and on this ground,  
20 there was common -- there was a common interest between Iran  
21 and Hamas as the leading forces against the new line of policy  
22 of the Palestinian leadership.

23 Q. So did they come to a specific modus operandi or specific  
24 agreement as to how to further that common interest?

25 A. Well, at that time, there was -- there was a very

1 important linking point between Iran and Hamas, and this was  
2 mainly the Sudan, which was supported by the Iranians where  
3 Hamas actually opened its first office, official office outside  
4 of the Palestinian arena; and through the Sudan, the Iranians  
5 did a lot of effort -- paid a lot of effort in order to make  
6 contact with Hamas; and more and more, let's say, on the  
7 operational level and the level of financing.

8 Q. And is it fair to characterize them as having reached an  
9 agreement to act upon the -- their common interest?

10 A. Well, I have never seen any document -- I mean, in this  
11 kind of relations, there are no official treaties like between  
12 states; but with the development of these relations through the  
13 Sudanese and later on, by the way, through the Syrians, there  
14 was an agreement to cooperate in favor of terrorism against  
15 Israel.

16 Q. How does the notion of jihad enter into their agreement or  
17 what they may have had in common?

18 A. Well, Iran formed the start of the Islamic revolution in  
19 Iran. Iran was the leading country in the region of the Middle  
20 East to -- let's say -- to act in order to actually eliminate  
21 the state of Israel as a Jewish state; and it was also very  
22 prominent on the background of other processes in the Middle  
23 East like the peace agreement Israel and Egypt and later on the  
24 peace agreements with -- agreements with other countries in the  
25 region; and the Iranians were very much afraid at that time

1 that the process started by the -- the peace agreement between  
2 Israel and Egypt is going to lead to the recognition of the  
3 entire world in the existence of Israel, no matter with --  
4 with -- in -- which borders but at least the existence of  
5 Israeli entity in the Middle East.

6 And since then, the line of policy was to look for every  
7 element in the Arab world and of course in the Palestinian  
8 arena that might cooperate with them to prevent this process.

9 Q. In order to further that cooperation with Hamas, what was  
10 it that Iran was doing? What were they -- what was their end  
11 of the agreement or the process?

12 A. Well, there was another element in the year '92 and mainly  
13 '93 which actually helped close the -- caused Iran and Hamas to  
14 become closer. This was the deportation of about 400 Hamas  
15 members, actually almost all the infrastructure of the movement  
16 in the Palestinian territories; and in -- they were deported  
17 between December '92 and December '93 when they were allowed to  
18 return to the territories. They were deported to south Lebanon  
19 where Hizbollah, as a proxy group, initiated and activated  
20 actually by the Iranians and the Iranian groups of the Islamic  
21 Revolutionary Guards were maintaining closer and closer  
22 relations with these Hamas members; and started through -- to  
23 offer them financial support and military training.

24 Q. And is that basically the first time that Iran acted upon  
25 this agreement with Hamas to -- actually to provide something



1 substantial to them?

2 A. No. There were -- there were also some members -- I would  
3 say a few members that started to go to training in Iran  
4 around -- if I remember correctly -- around '92. Some of them  
5 were even sent from the United States, Palestinians, recruited  
6 in the United States, mainly by Moussa abu Marzook who was then  
7 the commander of Hamas in the states, and they were sent to  
8 training in the -- in -- on Iranian soil.

9 In '92, there was also another development, there was  
10 opened the first Hamas office with the position of official  
11 representation in Tehran.

12 Q. And of those 400 people who were deported, 400 Hamas  
13 members who were deported to Israel, how many of them received  
14 training in Hizbollah camps in Lebanon?

15 A. Well, I don't have the exact numbers; but as far as I  
16 remember, at least 70 of them received military training. We  
17 have to understand that of these 400, only about 380 were Hamas  
18 members. The rest were members of the Palestinian Islamic  
19 jihad who was -- was in close connections to the Iranians long  
20 before.

21 So among these people, there were many people who were  
22 over the age of 50, 60; so only the younger -- the younger  
23 members who were in this camp received military training; so as  
24 far as I remember, there were about 70 Hamas members.

25 Q. Now, we talked about the -- we're talking about the

1 Iranian contribution. In addition to training, what other  
2 kinds of contributions did Iran make to this agreement or this  
3 partnership with Hamas?

4 A. Well, first of all, they started to give Hamas -- they  
5 started to give Hamas financial support. I don't know the  
6 exact numbers at that time, but it developed, and the amounts  
7 of financial support grew during the years.

8 Besides that, they were assisting them in relations and  
9 all kinds of operational -- operational connections like false  
10 documentation, like flights to all kinds of places. Either to  
11 Beirut or Damascus, or to the Sudan or to Tehran for those who  
12 were going to receive military training there.

13 Q. What was Hamas' contribution to this partnership?

14 A. First of all, if I may use here a term we used to say in  
15 Hebrew, the relations during the start of the connections  
16 between the two parties, even until today, are that in a state  
17 that Iran is like a cow that wants to give -- wants to give  
18 more milk to the organizations that she wants their support;  
19 than they are willing to receive, because there was in the  
20 beginning some -- there were some reservations for -- by Hamas  
21 from cooperation with them, and these reservations actually  
22 during the year '93, in '94, they disappeared and the action of  
23 Hamas was terrorism. They didn't assist Iran, but by the  
24 persistence, persistent struggle, terrorist struggle and  
25 violence against Israel and in the attempt to serve the Iranian

1 interest to thwart the peace agreement and peace process  
2 between the Palestinians and Israel.

3 Q. So is it fair to say they provided the manpower, the  
4 bodies to do the work?

5 A. Hamas, yes. Yes.

6 Q. Okay. You talked about the training and the -- the  
7 training from the deportees. In 1994, was there another group  
8 of training that occurred in Iran?

9 A. Yes. In 1994, actually this was as far as I know the  
10 first group of Palestinians from the territories that went to  
11 Iran through the Sudan and Syria to receive training. It was  
12 also the -- for the first time quite a large group of 19  
13 people.

14 It was organized in the Sudan. From there, they moved  
15 through -- they flew through Damascus to Tehran and received  
16 training for about three and a half months.

17 Q. What specifically was the training and who gave them the  
18 training?

19 A. Well, the training -- according to the confessions of  
20 those who were trained in that group, the training included the  
21 composing of all kinds of explosives, shooting all kinds of  
22 weapons, and clandestine behavior, and, let's say,  
23 indoctrination, political indoctrination in order to, let's  
24 say, to increase their awareness, their political awareness and  
25 their devotion for the cause.

1 Q. Who in Iran specifically was conducting this training?

2 A. Well, the camp nearby Tehran belonged to the Revolutionary  
3 Guards; and the trainers, according to the confessions of those  
4 who trained there, they didn't know their trainers. They  
5 didn't know them by name; and there were -- they were separated  
6 actually from the trainer, closed in this camp, they couldn't  
7 get out of this camp; and actually, from their point of view,  
8 it was the Iranian Revolutionary Guards.

9 Q. Okay. And one of the 19 members who went to Iran in 1994  
10 was Hassan Salame; is that true?

11 A. Yes. That's true.

12 Q. What do we know -- excuse me, before we get to that. The  
13 training that occurred there, were the 19 people trained to  
14 become the foot soldiers, the trigger men, or were they trained  
15 to become commanders, leaders, and trainers?

16 A. Well, first of all, I can't say what the Iranians wanted  
17 them to be; but in the point of view of Hamas, those that  
18 returned to the territories -- not all of them by the way  
19 returned to the territories -- those that returned became  
20 actually the leading trainers of the organization, the leading  
21 people who could compose all kinds of explosives; and from the  
22 Hamas point of view, they became senior members of the military  
23 wing of the movement; and it was important because some of them  
24 did not even like -- like Hassan Salame -- did not actually  
25 take part in terrorist operations but remained behind the scene

1 in order to keep him safe in order that he could train others,  
2 compose all kinds of explosives, record people, et cetera.

3 Q. Was that his function in the explosion that killed  
4 Eisenfeld and Duker and also Leia Moussa?

5 A. Leia Moussa was wounded.

6 Q. Excuse me, I apologize.

7 A. Yes. He actually was -- he trained the three members that  
8 were supposed to -- and actually did carry out the suicide  
9 operations. He composed the explosives. He showed them how to  
10 activate it; and he was actually, in this case, the -- maybe  
11 the most important figure of -- that -- of that group.

12 Q. You testified in the Eisenfeld and Duker case and also in  
13 the Moussa case?

14 A. Yes, I did.

15 Q. And what -- can you tell us more about Mr. Salame and what  
16 his -- what his -- his function in Hamas was?

17 A. First of all, he was quite senior prior to his training in  
18 Iran. He was actually sent to the Sudan in order to work  
19 the -- in the official office of Hamas there.

20 And there, he was -- he was actually in close touch with  
21 the most senior officials of Hamas that arrived to the Sudan to  
22 organize the activity, to organize the -- the connections with  
23 the Iranians, and to organize all kinds of propaganda and  
24 financial issues.

( 25 And when he was sent to Iran, it was -- and let's say,

1 when he returned, it was quite obvious that he became one of  
2 the senior members of the group mainly in the area of -- the  
3 southern part of the southern region of the West Bank.

4 Q. Have you reviewed the documents pertaining to the Ungar  
5 murder, the confessions, convictions, information provided by  
6 the Israelis?

7 A. Yes, I did.

8 Q. Okay. And what can you tell us about this incident and  
9 about how this fits into the scheme of Hamas?

10 A. Well, if I may add in connection to that another element  
11 which -- an important element which the Iranians actually  
12 influence Hamas, it was the suicide bombing, the modus operandi  
13 of suicide bombing, terrorist modus operandi that's actually  
14 started in the Middle East in Lebanon by Hizbollah during the  
15 eighties and through the influence of Iran and Hizbollah, Hamas  
16 started to use this modus operandi since '93 and later on much  
17 more frequently in '95, '96, et cetera, until today.

18 So I mention it because the -- all this activity created  
19 an attempt at that time of the Palestinian authority since it  
20 was established in '94, not only by Israel to limit Hamas  
21 activity.

22 So all these cells created by Hamas actually in some cases  
23 were very fragile and some of them -- and some of the members  
24 became wanted either by Israel or by the Palestinian authority.

25 So it was very important at that time to use members who

1 were -- who received such good military training like Hassan  
2 Salame to use them in several missions.

3 Now parallel to his mission in the -- in the case of the  
4 Jerusalem -- the cell in Jerusalem that carried out these  
5 suicide operations in the buses that you mentioned before, he  
6 also started to train many other members in other cells in that  
7 region of the southern region of the West Bank.

8 Part of his training was to kidnap soldiers and -- to  
9 kidnap Israelis in this case, but mainly soldiers and to shoot  
10 from a -- from moving cars; and in the beginning of -- if I'm  
11 not mistaken, in February, '95, Hamas decided -- sorry. In  
12 February '96, Hamas decided at least temporarily to stop the  
13 use of suicide bombing and to move to the modus operandi of  
14 kidnaping soldiers and shooting from moving cars.

15 And actually, Hassan Salame started to train in these  
16 months, this period, other members of Hamas in carrying out  
17 these operations; and this was exactly actually how -- this was  
18 the operation in which the late Ungar couple were killed.

19 Q. Was he -- was Salame the trainer for the Talachmeh cell?

20 A. I don't know for sure. But it is probably -- since he  
21 confessed that he trained most of the Hamas members in that  
22 region at that time, and since he was the main trainer of Hamas  
23 at that time in this region, it is very probably, I can say,  
24 that he was the trainer of the Talachmeh cell.

25 Q. Is there anyone else that you know of who could have or

1 would have done the training for the cell that killed the  
2 Ungars? Is there anyone else who has been identified as a  
3 trainer of that cell?

4 A. No. Not that I know of. And if I may add we are talking  
5 here in this case -- we are not talking about explosives, but  
6 we are talking about kidnaping and shooting from moving cars  
7 which in no other members of Hamas besides those who were  
8 trained in Iran actually were trained in such methods of  
9 operation.

10 So it is very likely that he was the guy who trained the  
11 Talachmeh cell; although they didn't know -- the trainer was  
12 masked. They didn't know him by name. And they didn't know  
13 him at all; and actually, he was also -- he was not from that  
14 region. He was from the Gaza Strip; so he wasn't known by  
15 local people.

16 Q. The confessions of the four individuals who killed the  
17 Ungars, they talk about the training that they did?

18 A. Yes. They talk about it.

19 Q. They themselves said that the trainers were masked or  
20 hooded?

21 A. Yes.

22 Q. What word did they use? Do you recall if it was hooded or  
23 masked?

24 A. Well, in Hebrew, it is the same. It is the same word.

25 Q. Okay.



1 A. But I think maybe we should say they were hooded.

2 Q. Okay. And is that typical of the methodology of Hamas  
3 training, that the trainers are not identified to the trainees?

4 A. Yes. First of all, it was also -- there was much  
5 improvement in those years in the operational activity of  
6 Hamas. Part of it was due to the training of some of its  
7 members by the Iranians or by Hizbollah in other cases; and --  
8 by Hizbollah in Lebanon in other cases.

9 And part of this improvement was the fact that they became  
10 more and more clandestine. They kept much more discipline and  
11 they were better organized than in the years before.

12 Q. Was Salame -- did he discuss his role in choosing  
13 locations for attacks as well as -- or the -- sort of the  
14 change from suicide bombing to drive-by shootings?

15 A. The change was not -- in his confession, he said that  
16 Talachmeh actually -- who was senior in the hierarchy of Hamas  
17 at that time --

18 Q. Excuse me. Talachmeh was senior?

19 A. Talachmeh was senior. The problem with Talachmeh at the  
20 time was that he was in a Palestinian jail in Jericho; so part  
21 of his activity and the connection with him was -- I mean the  
22 members of his cell had to come to him in jail and talk to him,  
23 and he was not free, out of jail.

24 But he was actually senior, and Talachmeh actually told  
25 Salame about the change in policy. This is another element

1 that I can conclude from it that since they changed -- there  
2 was this change in the policy, he wanted or he had the interest  
3 that Salame who trained his people, the members of his cell, I  
4 mean Talachmeh's cell in the new, let's say, activities of  
5 kidnapping and shooting.

6 Q. And what do we know about where the weapons and the  
7 finances for this organization -- for specifically Talachmeh's  
8 organization, what do we know about where that came from?

9 A. Well, in two cases, one -- a battle rifle, a Kalashnikof  
10 was given to them by Talachmeh as he told them -- he told  
11 Ismail Ghanimat that it was a present from Hamas.

12 Q. Excuse me one second. That's Ghanimat. G-H-A-N-I-M-A-T.  
13 Is that one of the individuals on the list?

14 A. In our country we pronounce it differently. Okay. The  
15 pronunciation in English.

16 And he gave them money to buy the other Kalashnikov; and  
17 beside that, he gave them at least once money to buy a gun.

18 Q. What do you know about Ghanimat's capability prior to the  
19 beginning of 1996? Was he in need of training? Was he already  
20 an expert, a person who could carry out acts or did he need to  
21 be trained?

22 A. No. Actually prior to -- prior to the -- let's say --  
23 February-March of '96, he was involved in several attempts  
24 of -- several terrorist attempts and actually he failed in some  
25 of them either in shooting or in kidnapping.

1 And only after February '96, he and his mates started  
2 actually to carry out -- from their point of view -- successful  
3 operations like the killing of actually five other Jews,  
4 Israelis besides the Ungar couple.

5 Q. So is it fair then to make a distinction between pre-'96  
6 and post-'96?

7 A. I think we can say that after the training, mainly the  
8 training by shooting, there was a major improvement of the  
9 operations.

10 Q. Now, Mr. Salame was convicted, and what was he  
11 specifically convicted of with regard to training?

12 A. He was -- well, he was convicted in training between  
13 February or March and May '96 -- in training Hamas members in  
14 the conviction, let's say -- it didn't say exactly who -- which  
15 members. But he was convicted, among other things -- it was  
16 not his main conviction, but he was convicted in training Hamas  
17 members in that period until he was arrested.

18 Q. But what was he -- training them in what?

19 A. Training in -- mainly in shooting and explosives.

20 Q. Okay. And where does -- where and how does Hamas get or  
21 obtain weapons to carry out such attacks?

22 A. Well, they have different sources. There is -- first of  
23 all, there is a difference between the period of prior to '94  
24 and after '94. When I say '94, I mean the establishment of the  
25 Palestinian authority and the amount of weapons that the

1 Palestinian authority was actually given by Israel as a  
2 legitimate weapon during that period.

3 So I mentioned it because after '94, there was a lot of  
4 weapons in the territories; so their sources were either from  
5 the Palestinian authority or weapons stolen from Israel, either  
6 from civilians or from the Israeli military forces; and weapons  
7 smuggled from outside the Palestinian territories either from  
8 Egypt to the Gaza Strip or from Jordan or through Jordan to the  
9 West Bank.

10 Q. And was there an incident approximately eight months ago  
11 where a series of shipment of weapons was sent to Hamas on a  
12 boat?

13 THE COURT: Eight months ago?

14 THE WITNESS: Yes. There was a ship captured by  
15 Israel. There was a ship coming from Lebanon and it was  
16 actually -- a deal of -- of -- of -- of weapons for Hamas, a  
17 combination of the Iranians, Hizbollah, and the group of --

18 THE COURT: Mr. Strachman, I don't know how much  
19 longer you have with this witness. I have a meeting to go to.  
20 If you're not going to be finished in the next three or four  
21 minutes, we have to break for lunch.

22 MR. STRACHMAN: We probably have three or four  
23 minutes. Maybe we'll just conclude after lunch.

24 THE COURT: I think we should break for lunch now.  
25 Let's be back at 1:40.

1 MR. STRACHMAN: Great. Thank you, Your Honor.

2 THE COURT: Thank you.

3 (Recessed at 12:36 p.m.)

4 AFTERNOON SESSION - (1:47 p.m.)

5 THE COURT: All right. Ready to proceed,

6 Mr. Strachman? Go ahead.

7 MR. STRACHMAN: Thank you.

8 BY MR. STRACHMAN:

9 Q. Dr. Paz, when we -- we left off, we were talking about a  
10 shipment of arms that was sent from Hizbollah and other  
11 organizations to Hamas. Was that -- where did those weapons  
12 come from?

13 A. Well, usually all the weapons of Hizbollah in Lebanon  
14 comes from Iran through shipments mainly by flights through the  
15 Damascus airport.

16 So I suppose that these arms were also from Iran.

17 Q. And is that shipment, that process of shipping arms to  
18 sponsored groups in Palestine or the territories, is that  
19 something that has been going on for a while or is that  
20 something that first started with that boat eight months ago?

21 A. First of all, as far as we know, this boat was the first  
22 that was captured by Israel. There might be some other boats  
23 that managed to smuggle arms through the sea. But there were  
24 other ways of smuggling arms either from Iran or from other  
25 countries through -- not through the sea, but through the land,

1 on the ground.

2 Q. Okay. And does that involve Iran directly or does it  
3 involve Hizbollah?

4 A. Mainly Hizbollah. I would say the ship that was captured  
5 two weeks ago, it involved Iran directly; but in that case, the  
6 weapons were for the Palestinian authority; but mainly through  
7 Hizbollah, most of the Iranian activity with the Islamic groups  
8 except for the training on the Iranian soil was through  
9 Hizbollah.

10 Q. And does Hizbollah have the same kind of relationship with  
11 Iran that Hamas does, or is it of a different nature?

12 A. No. It's of a different nature. Actually, Hizbollah was  
13 created by the Iranian Revolutionary Guards in '82 in order to,  
14 let's say, to maintain Iranian influence and dominance among  
15 the Shiites in south Lebanon and to fight the Israeli  
16 occupation of south Lebanon at the time; and it was almost  
17 totally under the control of the Iranians.

18 Since June or July '82, Iranian troops and Iranian  
19 intelligence officers are in the Bekaa Valley, the eastern part  
20 of Lebanon; and they are there since then and actually they  
21 controlled and still control the activity of Hizbollah.

22 Q. And the activities of Iran either directly or through  
23 Hizbollah, are they approved of and are they part of the  
24 general Iranian -- Iran -- Republic of Iran's -- is that part  
25 of their general policy or is that sort of a separate function

1 or a separate goal of individuals in the government?

2 A. No. I would say that this is the Iranian policy.

3 I must say that even what those people who are in recent  
4 years viewed as more moderate in Iran like President Hatami,  
5 for example, in what concerns the fight against Israel and the  
6 wish to eliminate Israel as a Jewish state in the Middle East,  
7 there are no moderates or hard-liners in the Iranian regime;  
8 and this is the official policy of Iran to fight Israel as much  
9 as they can.

10 Q. In order to do so then, what people like the supreme  
11 leader, Ayatollah Khamenei and the president, Mr. Rafsanjani at  
12 the time, and the ministry of information, Mr. Khuzestani,  
13 would those people have to approve of the relationship between  
14 Iran and Hamas?

15 A. Yes. The relationship with Hamas was part of, let's say,  
16 a policy that was actually decided and directed by the superior  
17 leadership the Iranian regime; and those names that you  
18 mentioned were actually at the time the highest leadership; and  
19 actually even today, they're still -- they still have a lot of  
20 influence in Iran; and, yes, such a policy was dictated  
21 actually by the superior leadership.

22 Q. So the relationship between Hamas and Iran could not have  
23 existed without the approval of these people?

24 A. Yes. Sure. Sure. And Iran was always -- we have to  
25 understand maybe another point which is not directly connected

1 to terrorism but which is important, and that is that Iran  
2 since the -- since the Islamic revolution, was always looking  
3 for legitimacy in the Arab world, which is Sunni and non-Shiite  
4 Islamic world.

5 So, therefore, they were looking for every possible corner  
6 where they can put their hand and find cooperation and support  
7 for their cause.

8 So that's why the relations they had since the early  
9 eighties with the Islamic Palestinian jihad was useless because  
10 the Islamic Palestinian jihad was and still is a very, very  
11 small and marginal organization among the Palestinians.

12 So they were always looking for groups like Hamas with a  
13 lot of influence in -- among the Palestinians and especially  
14 that Hamas viewed itself as a rival and as an alternative to  
15 the Palestinian -- to the PLO, to the Palestinian authority,  
16 and to the national Palestinian leadership.

17 So they always wished to increase their relations and  
18 cooperation with such a big group like Hamas.

19 Q. They're always willing to give milk?

20 A. That's right.

21 Q. By the way, is that an expression in Hebrew? Is that a  
22 common expression in Hebrew?

23 A. Yes. This is a very common expression in Hebrew. It is  
24 accepted among most of these experts that that's the way to  
25 describe the Iranian policy in this regard.



1 Q. And does the ministry of information in Iran, do they  
2 monitor Hamas' operations?

3 A. No.

4 Q. Well, how do they communicate about the Hamas activities?

5 A. Well, their policy is to encourage Hamas to carry out as  
6 much as possible terrorist activity against Israel on the one  
7 hand and to do the best to prevent any improvement or any  
8 progress in the peace progress between Israel and the  
9 Palestinian leadership.

10 So this eggs their policy and for that, they -- let's say  
11 in order to achieve this policy, they encourage mainly Hamas  
12 terrorism as the main tool to interfere with the peace process  
13 and to influence either the Palestinians or the Israeli public  
14 opinion.

15 Q. How do they do that?

16 A. They do that first of all by financing all kinds of Hamas  
17 activities. They do it by training, and they do it by a lot of  
18 propaganda in support either directly or through their  
19 influence in Lebanon and through Hizbollah.

20 Q. Let's talk about the financing for a minute. Do you have  
21 an idea as to how much money Iran spent financing Hamas over  
22 the past decade?

23 A. Well, I can only estimate. As far as I know the only  
24 estimations -- I would say -- or I can -- I would estimate that  
25 in the early or -- let's say in the first half of the nineties,

1 Iran gave Hamas -- directly -- about \$3 million per year; and  
2 this sum of money increased.

3 And now there is information, talking about \$18 million in  
4 the last year, during this year of the -- what they called the  
5 second intifadah, the second uprising.

6 So there is an increase in the financial support of the  
7 Iranians; but I would mention that this is, let's say, the  
8 direct financial support. There is financial support by other  
9 means such as the trainings, the flights, the false  
10 documentations, et cetera.

11 Q. The \$3 million in the early eighties, that's basically  
12 cash payments, right? That doesn't include the training, the  
13 income --

14 A. Yes. I assumed that.

15 Q. Is it fair to say that there's some wide -- within the  
16 academic community there's some wide -- there's a wide range of  
17 ideas as to how much money actually Iran gets?

18 A. Yes.

19 Q. Is it --

20 A. I can say that there are people who are talking about \$30  
21 million a year; but this is my assumption -- this is my  
22 estimation.

23 Q. You're on the conservative side?

24 A. Yes. That's right.

25 Q. And the money that is given by Hamas -- excuse me, given

1 by Iran to Hamas, is that money give for any specific purpose  
2 or is it given general -- generally to Hamas for all of its  
3 activities?

4 A. No. It is not -- the Iranians are not financing so far  
5 and didn't do it in earlier years. They are not financing the  
6 social or cultural or educational infrastructure of Hamas.

7 They are financing mainly terrorism.

8 Q. Okay. Now, you also talked about the other mechanism of  
9 support, and that's the training that's provided?

10 A. Yes.

11 Q. Can you tell us a little more about the training?

12 A. Well, the training, so far -- as I can estimate -- there  
13 were over 100 members of Hamas trained directly on Iranian  
14 soil; and about another 100 or 150 members trained by Hizbollah  
15 and Iranians from the Revolutionary Guards in Lebanon.

16 The training was mainly -- let's say in all kinds of  
17 terrorism and guerilla warfare. I mean there were military  
18 trainings as well as training on specific terrorist operations  
19 like making explosives, very sophisticated explosives, and  
20 shooting.

21 Q. They trained them with missiles as well?

22 A. Not -- they were trained -- you cannot call -- let's say  
23 rockets.

24 Q. Rockets?

25 A. Rockets and mortars.

1 Q. Parachuting?

2 A. No. No.

3 Q. And is it the ministry of information that provides the  
4 sort of umbrella for the training facilities?

5 A. Yes. Let's say on the top of the hierarchy there the  
6 ministry of information who deals with Iranian terrorism in  
7 general.

8 Q. And did you -- you've reviewed -- I think I already asked  
9 you if you reviewed the confessions, and you reviewed the  
10 government -- the Israeli government's documents pertaining to  
11 the Ungar murder.

12 Could you tell us how this group came to shoot at the car  
13 driven by the Ungars?

14 A. Well, at that time after they were informed by Talachmeh  
15 that that -- the movement -- Hamas is going to stop the suicide  
16 bombing, they started to look for soldiers, for kidnapping  
17 soldiers and for shooting; and unlike previous periods, they  
18 started to drive inside what we call the green line, inside  
19 Israel in order to find soldiers who were waiting for a lift or  
20 something like that.

21 And all shooting at moving cars and according to their  
22 confessions, they -- the 9th of June, '96, they drove to the  
23 rear of -- in the direction, let's say, of the south of Israel  
24 in order to -- one of them said in order to kidnap soldiers and  
25 to shoot at cars.

1 One of them said just to shoot at cars, and they were  
2 driving there for about an hour unenforced and until actually  
3 they saw the car of the Ungar family.

4 Q. What did Mr. Hamdiya say about why this particular car was  
5 chosen?

6 A. Well, he said that it was chosen because they saw a woman  
7 was driving this car.

8 Q. What significance did that have for him?

9 A. Well, for them as devoted Muslims, it might be more  
10 annoying, the fact that a woman was driving the car.

11 Q. Okay. And in conclusion, knowing what you know about Iran  
12 and about Hamas and the relationship between the two, can you  
13 tell us or give us a brief picture as to what Hamas would look  
14 like if it did not have the partnership with Iran and did not  
15 receive the training, support, propaganda support, et cetera?

16 THE COURT: That in the adversary process would be  
17 objected to and sustained, but I'll listen to the answer.

18 THE WITNESS: Well, I would say that Hamas at that  
19 time, without the Iranian support, mainly by training, by  
20 military training, would seem, let's -- I would say quite  
21 anemic, contrary to the well-organized and much more successful  
22 group they became especially after '95 and during '96. I would  
23 say another thing. In confession -- in a confession of another  
24 guy who was not connected to the Ungar case -- and I'm just  
25 referring to him as an example -- he was sent by Moussa abu

1 Marzook to military training in, first of all, in the military  
2 camp of Hamas in Kansas City; and then Moussa abu Marzook did  
3 not approve the level of the training, so he sent him to  
4 Lebanon and Moussa abu Marzook again did not approve the level  
5 of the training, so he sent him to Iran in order to be really  
6 well-trained.

7 So I bring that just as an example the training in Iran  
8 became very important factor in the improvement of Hamas in its  
9 terrorist activity.

10 MR. STRACHMAN: Thank you. That's all, Your Honor.

11 THE COURT: Thank you very much, Dr. Paz.

12 THE WITNESS: You're welcome.

13 (Witness excused.)

14 MR. STRACHMAN: Your Honor, we would like to call  
15 Dr. Clawson.

16 THE COURT: All right.

17 PATRICK CLAWSON, PLAINTIFFS' WITNESS, AFFIRMED

18 THE DEPUTY CLERK: Please be seated and speak into  
19 the microphone.

20 DIRECT EXAMINATION

21 BY MR. STRACHMAN:

22 Q. Doctor, your name sir?

23 A. Patrick Clawson.

24 Q. Okay. And where do you work, sir?

25 A. I work at the Washington Institute for Near East Policy.

1 Q. In what capacity?

2 A. I'm the director for research at the institute.

3 Q. And what do you do there in your capacity as director of  
4 research?

5 A. I direct a staff of approximately a dozen senior  
6 researchers and an equal number of research assistants who look  
7 at the contemporary Middle East and U.S. policy towards the  
8 Middle East.

9 Q. And what is your area of expertise?

10 A. I'm by professional training an economist. The country  
11 that I follow most closely is, however, Iran, and I cover  
12 its -- I study its politics, its military, its support for  
13 terrorism, as well as its economy and history.

14 Q. And have you written on Iran's relationship or sponsorship  
15 of terrorist organizations?

16 A. Yes. I've written numerous articles and a few books and  
17 edited a few books about Iran's strategy, including its support  
18 for terrorism.

19 Q. And have you testified in this court about Iran and its  
20 relationship to terrorism?

21 A. Yes, sir. I've testified in several cases in this Court  
22 about Iran's support for terrorism.

23 Q. And, Dr. Clawson, I'm showing you a document. Could you  
24 tell us what that is?

25 A. That is a brief professional resume.

1 Q. Okay. You prepared it?

2 A. Correct, sir.

3 MR. STRACHMAN: Your Honor, we would ask that Exhibit  
4 No. 6, which is Dr. Clawson's CV be admitted and also that  
5 Dr. Clawson be admitted as an expert to testify concerning Iran  
6 and Iranian policy.

7 THE COURT: All right. He may testify and Exhibit 6  
8 will be received.

9 (Plaintiffs' Exhibit No. 6 was  
10 received into evidence.)

11 MR. STRACHMAN: Thank you.

12 BY MR. STRACHMAN:

13 Q. Dr. Clawson, could you describe for us the relationship  
14 between Hamas and Iran?

15 A. Well, it's gone through several phases. Initially in the  
16 1980s, Hamas was quite suspicious of Iran because of its  
17 prejudices about Shiism. By the late 1980s, Hamas and Iran  
18 began cooperating; and certainly by the mid-1990s, they  
19 developed something of a partnership.

20 It has its ups and downs. One might make an analogy to a  
21 marriage which sometimes the two sides are pretty close to each  
22 other and sometimes the two sides are fighting; and  
23 occasionally, each one has an affair on the side with somebody  
24 else.

25 Q. But despite that history, is it fair to say --



1 THE COURT: That's some marriage you just talked  
2 about.

3 THE WITNESS: Well...

4 I'm afraid, Your Honor, that marriages have been known --  
5 such marriages have been known to exist.

6 THE COURT: Well, I'll never tell; but go ahead,  
7 Doctor.

8 MR. STRACHMAN: In the Middle East. This is a Middle  
9 Eastern marriage.

10 THE COURT: I hope not. In the Middle East you're in  
11 real trouble with a marriage like that.

12 Go ahead.

13 BY MR. STRACHMAN:

14 Q. Is it fair to say that despite the ups and downs, they've  
15 continued to maintain this partnership over the last 10 years  
16 or so?

17 A. Over the last 10 years, yes, sir. In December 1992, there  
18 was an episode the Israelis deported about 300 Hamas members to  
19 Lebanon. Lebanon wouldn't let them in. They sit there on the  
20 border for a long time. There's a real breakthrough in the  
21 relationship between the two sides. Since then Hamas and Iran  
22 have cooperated relatively closely, sometimes extremely  
23 closely, sometimes with a little more suspicion on the two  
24 sides.

25 Q. Does our government -- did the United States government

1 have an articulate -- an official position concerning Iran and  
2 concerning its relationship to terrorism?

3 A. Yes, sir. Every year there is a report issued by the  
4 State Department called Patterns of Global Terrorism. That  
5 report is a product of a great deal of effort throughout the  
6 intelligence and foreign affairs community. Every word is  
7 carefully weighed. I've been consulted at times about exactly  
8 which word to use in some of the sentences.

9 And that report has a description about Iran's role as a  
10 state sponsor of terrorism and has for years now described Iran  
11 as either, one, a leading sponsor or the leading state sponsor  
12 of terrorism; and the report also describes in some detail the  
13 Iran-Hamas connection.

14 Q. And is it fair to say that Iran is a charter member of  
15 this designation of state -- being a state sponsor of  
16 terrorism?

17 A. Charter member? Certainly since the Iranian revolution  
18 more than 20 years ago, it's been on that list. There was a  
19 precursor to that list that began a couple of years before the  
20 revolution; but since it has been a formal list, Iran has been  
21 on it.

22 Q. Since the list was designated and formulated by the State  
23 Department, Iran has been on that list each and every year?

24 A. I'd have to go back and check as to whether it first began  
25 in 1977 or 1978. Iran has been on there for more than 20

1 years.

2 Q. Okay. How was Iran characterized in 1996, the year that  
3 the Ungars were murdered?

4 A. It was characterized as the principal state sponsor of  
5 terrorism.

6 Q. In the world?

7 A. In the world, that's correct.

8 Q. Okay. And is that designation, is that sort of a tool  
9 of -- or used by our government to sort of announce policy or  
10 is it sort of a -- a tool to -- you know, as a propaganda tool?  
11 Is it conservative in its designation or is it exaggeratory?

12 A. Well, the report is a very careful and conservative  
13 report. The formal designation of which states are state  
14 sponsors has many legal implications. I think it is fair to  
15 say that the list has become kind of frozen in time in the  
16 number of countries -- like Cuba -- that are on the list as  
17 they -- the report describes are no longer actively supporting  
18 terrorism but are still on the list because of their -- they  
19 have never prosecuted or handed over for prosecution the  
20 terrorists they supported in the past.

21 Iran, as the report describes, is a very different  
22 situation. It is still an active state sponsor. As a result,  
23 under law, there are a whole variety of benefits that are  
24 denied to Iran.

25 Q. How is that -- how were -- did that designation -- how is

1 that taken by the Iranian government? How does that affect the  
2 government?

3 A. This has always deeply offended the Iranian government.  
4 Its self-conception is, after all, as a religious or moral  
5 government; and also Iranians are a proud people, proud of  
6 their country, proud of their civilization; and they feel that  
7 this is -- the Iranian government feels this is disparaging  
8 that civilization.

9 Q. And what is the significance of a designation? I think  
10 you said principal sponsor, and I think the report makes it  
11 premiere. What's the significance of the use of that type of  
12 word in connection with Iran's sponsorship of terrorism?

13 A. At the time in the mid-1990s, the United States was having  
14 an active discussion -- shall we say? -- with a number of our  
15 European allies about how best to press Iran to drop its  
16 terrorist activities.

17 And a number of those European countries were suggesting  
18 that all Iran's activity in terrorism was a matter of the past;  
19 and when it sponsored the hijackings of the -- the kidnappings  
20 of the Americans in Lebanon and that wording in that report and  
21 the information in that report was part of a vigorous effort by  
22 the U.S. government to persuade European governments to take a  
23 stronger stance against Iranian terrorism, in particular  
24 against Iranian support for terrorism directed against Israel  
25 and in Israel.

1 Q. How -- in doing your research or -- how do you gather  
2 information about Iran?

3 A. Iran is actually a relatively open country. There's a lot  
4 of newspapers in Iran. They like to scoop each other by  
5 publishing secret documents.

6 After all the Iran-contra affair, news of that, that was  
7 leaked from Iran not from the United States. And at the time  
8 we're talking about, there's a reform movement in Iran that  
9 started to gather steam and criticized the government. So we  
10 see a pretty lively political debate about many of these  
11 issues.

12 It is circumspect about national security affairs, but  
13 still quite a bit of information comes through.

14 Q. And what was the reason that Iran began to have a  
15 relationship with Hamas?

16 A. Iran wanted a relationship with Hamas dating back to the  
17 earlier days of the Iranian revolution. It was Hamas which was  
18 reluctant. Iran supports the goal of creating an Islamic state  
19 in all of the mandatory Palestine, and, therefore, Iran wanted  
20 to work with Hamas.

21 Iran was a little -- was concerned that Hamas was too  
22 moderate because initially Hamas in the early 1980s wasn't  
23 sponsoring terrorist attacks inside Israel itself, only in the  
24 West Bank and Gaza was Hamas involved in terrorist attacks.  
25 That was one reason that Iran essentially created a more

1 radical group than Hamas, the Palestinian Islamic jihad; but  
2 Iran then was very pleased it was able to work with Hamas and  
3 that Hamas adopted a more radical agenda.

4 Q. Is the position of the government, the Iranian government,  
5 compatible with the goals of Hamas as articulated in its  
6 charter?

7 A. Absolutely. Indeed, Iran's complaint has been at times  
8 that Hamas hasn't been vigorous enough in using military force  
9 and using terrorism to achieve those goals in that charter.

10 Q. And do -- how do each -- each, Hamas and Iran -- how do  
11 they each conceptualize the notion of jihad? Is that something  
12 that they conceptualize differently or that they share?

13 A. Well, Iran is going to -- Iran emphasizes the use of  
14 force, the use of violence for jihad. If anything somewhat  
15 more than Hamas does. People in Hamas may talk about jihad as  
16 both this violent use of terrorism as well as a more moralistic  
17 and striving for moral purity where Iran emphasizes the  
18 militaristic aspect much more.

19 Q. And how -- what methods or what mechanisms do -- does Iran  
20 use to encourage this terrorism by Hamas?

21 A. Well, Iran provides financial support; and, indeed, there  
22 have been credible supports from numerous sources -- including  
23 Iranian ones -- that suggest that Iran provides payment after  
24 terrorist actions, especially after spectacular terrorist  
25 actions. Iran can provide a considerable amount of payment.

1 Iran provides a great deal of training for those to carry  
2 out terrorism, and Iran provides a lot of propaganda support.  
3 Iran, after all, has a lot of radio stations, newspapers that  
4 carry its message throughout the Muslim world.

5 And especially in the -- from the mid-1990s onward, Iran  
6 has used its prestige as a radical force in the world Muslim  
7 community. In an earlier period, Iran had problem doing that  
8 because of this prejudice against Shiites which has only been  
9 overcome in the last -- in the 1990s.

10 Q. And you talk about the financial support. Can you give us  
11 an estimate as to how much money is paid by Iran on a yearly  
12 basis and does it change? Has it changed over time?

13 A. Well, we have only imperfect information, to put it  
14 mildly, on how much Iran provides for terrorism overall. But  
15 I've never seen any credible estimates that Iran's total  
16 spending on terrorism at the time we're talking about were as  
17 low as \$50 million a year. I think that they were -- most of  
18 the credible estimates are considerably higher, some as high as  
19 200 million a year. Much of that, however, is in Lebanon in  
20 the Palestinian area, I mean in -- its -- quite a bit less,  
21 some of that goes to the Palestinian Islamic jihad.

22 How much specifically goes to Hamas, I don't know. But  
23 certainly in the millions of dollars.

24 Q. Per year?

25 A. Per year.

1 Q. Okay. And the balance then of the funds that you talked  
2 about would be used with -- in Iran for training?

3 A. No. The Hizbollah in Lebanon or for that matter some --  
4 Iran at this time, '95, '96 is starting to get going for  
5 support for terrorism in the Balkans. Iran is using terrorism  
6 to target Iranian dissidents abroad; for instance, there's a  
7 murder in Berlin which becomes quite a *cause celebre*, a trial  
8 in a German court that finds that the top leaders of the  
9 Iranian government were the ones who ordered that  
10 assassination; and, indeed, the court finds that they -- the  
11 top leaders of the Iranian government are -- provide approval  
12 for lots of terrorist actions or are very involved in the  
13 approval for terrorism.

14 Q. You talked about providing funds in response to  
15 spectacular activities.

16 A. Yes.

17 Q. How does that occur with respect to Hamas?

18 A. There's been credible reports that after a Hamas suicide  
19 bombing, Iran provides literally a cash payment.

20 Q. Okay. How do --

21 THE COURT: To the family of the suicide?

22 THE WITNESS: Yes, sir, but -- Your Honor, but also  
23 to Hamas as an organization as well, for it to be able to carry  
24 out further such activities. After all, Iran has been  
25 concerned that at times it didn't think Hamas was being radical



1 enough. So when Hamas does something radical, which Iran  
2 approves, it is going to want to reward Hamas for having done  
3 that.

4 BY MR. STRACHMAN:

5 Q. How -- is there communication between Hamas requesting the  
6 reward and Iran to --

7 A. We don't have -- I don't have a very good idea how that  
8 works. I suspect some of our intelligence communities do.  
9 There had been various suggestions that intermediaries are  
10 used, for instance, people here in the United States, but I  
11 don't know exactly.

12 Q. Frequently, or recently, are Hamas activities videotaped  
13 to present to Iran?

14 A. More recently, yes. Right. More recently Hamas has been  
15 videotaping its terrorist bombings, and there is reason to  
16 believe that is in part to be better able to get payment from  
17 Iran.

18 Q. Okay. Now, the Iranian support for Hamas, is that part of  
19 a sort of a national policy of the Iranian government?

20 A. Absolutely. There is a broad consensus within the Iranian  
21 government about its opposition to the existence of the state  
22 of Israel and about the appropriateness of the use of terrorism  
23 in order to fight against the existence of the state of Israel.

24 So while there are many disputes in Iran among the  
25 political leaders, there's broad consensus on that issue.

1 Q. And could the -- could the -- strike that.

2 What is the role of the ministry of information and  
3 security with regard to the -- this relationship between -- or  
4 this marriage -- as you said -- between Hamas and Iran?

5 A. Well, the ministry of information and security is a very  
6 large agency. And it's the -- shall I put it? -- the heir of  
7 the -- the secret police of the former Shah; and it has a lot  
8 of technical expertise and provides a lot of technical training  
9 in terrorism techniques to Hamas members as well as to other  
10 terrorist groups.

11 Q. How many members or how many employees are there of the  
12 ministry of information and security?

13 A. Certainly 30,000. Potentially more. We know quite a bit  
14 about its activities because most of its activities are  
15 directed against dissidents inside Iran. And the reform  
16 movement in Iran has in recent years revealed a great deal of  
17 information about the organization's activities.

18 We also know a lot about its activities from the defector  
19 from that organization who testified in the Berlin trial about  
20 the killings I mentioned earlier.

21 Q. What is its annual budget? Do you have an idea as to  
22 that?

23 A. Its credibly said to be something on the order of a  
24 hundred million dollars.

25 Q. A hundred million?

1       A.    That may be a bit high but certainly is more than 50  
2       million.

3       Q.    Were there some estimates that its budget is 500 million?

4       A.    Estimates that are much higher, yes; but that, I think, is  
5       an exaggeration based on the fact Iran has a very artificial  
6       economy kind of like the old Soviet Union. So the country's  
7       exchange rate is very different. The official exchange rate is  
8       very different from the black market rate.

9       Q.    Do the funds that go to Hamas, that are dedicated to Hamas  
10       for terrorism, do they come from the ministry of information  
11       and security's budget?

12       A.    It would seem they come almost entirely from the ministry  
13       of information and security. For some other terrorist groups,  
14       the Revolutionary Guards get very involved. For instance with  
15       Hizbollah, the Revolutionary Guards seem to be more important;  
16       but it would seem with the Palestinians that it is much more  
17       the ministry of information and security that's involved.

18               Iran is a rather messy government with a lot of  
19       overlapping institutions, like the Revolutionary Guards is a  
20       revolutionary institution created by the new government after  
21       the revolution, whereas the ministry of information and  
22       security is sort of a technocratic institution of secret police  
23       that's been there for a long, long time.

24       Q.    And are there specific communications in relationships  
25       between people in Hamas and the ministry of information and

1 security?

2 A. Certainly in 1993, when this large group of this some 300  
3 people from Hamas are in southern Lebanon, we have good reason  
4 to believe that some of them that went on to get direct  
5 training from the ministry of information and security  
6 operatives.

7 Q. How would you describe the relationship between Hamas and  
8 Iran? How would you characterize it during the specific period  
9 of 1995 and 1996?

10 A. Oh, at that point the relationship had been improving  
11 pretty steadily for -- well, almost eight years. And it had  
12 become a pretty tight relationship. In fact, I would say in  
13 early 1996, at that point it looked like eight years of steady  
14 improvement, the relationship was becoming better and better.  
15 Since then there have been ups and downs, but...

16 Q. And the -- what's described -- this relationship between  
17 Hamas and Iran, is this something that's fairly well known in  
18 public or is this something that only through research such as  
19 your own, such as you -- you or other scholars would do would  
20 be able to uncover?

21 A. It's hardly a secret. Hamas leaders visit Iran and are  
22 greeted by the top leaders of the Iranian government. Iranian  
23 leadership -- the Iranian newspapers comment on it. It is  
24 commented on by people from these -- from Hamas by scholars  
25 writing about Hamas. It is commented on. It is frequently by

1 PLO chairman Yasar Arafat who is not happy about it.

2 Q. Specifically in the period of early 1996, did the  
3 relationship come to the forefront of international affairs?

4 A. Absolutely. At that time the Israeli prime minister,  
5 Shimon Peres, faced a very difficult election campaign in  
6 Israel; and he was complaining that the suicide bombings, which  
7 Hamas was principally responsible for, were undercutting his  
8 campaign and he, of course, went on to lose by a very narrow  
9 margin; and Mr. Peres frequently said that he thinks that it  
10 was the Iranians who short-circuited the peace process and  
11 prevented the successful completion of an Israeli Palestinian  
12 peace in the late 1990s.

13 And that's an evaluation which the Iranians generally  
14 share. They think this was a great strategic triumph for them,  
15 their support for Hamas at this time.

16 Q. In that period of time, spring of 1996, were their  
17 comments from Chairman Arafat as to his opinion about the  
18 relationship between Iran and Hamas?

19 A. Chairman Arafat was pretty sharp about it, not as sharp as  
20 Mr. Peres. In fact, not as sharp as Mr. Arafat became after  
21 the fall of '96 when he had to deal with the new Israeli prime  
22 minister Mr. Netanyahu and realized what a big problem it  
23 caused for him.

24 It was by late 1999 that Arafat is bitterly denouncing  
25 Hamas and is describing -- exposed how much Hamas had been

1 responsible for the bombings that previous -- earlier that  
2 year.

3 Q. Did he comment about the relationship between -- did  
4 Chairman Arafat comment on the relationship between Hamas and  
5 Iran during that period of time, the spring of 1996?

6 A. Yes. Chairman Arafat was blaming Iran for its  
7 encouragement of the suicide bombings and at a summit attended  
8 by many world leaders in Sharm al Sheek in the Sinai peninsula  
9 of Egypt, numerous world leaders condemned Iran for its support  
10 for the suicide bombings. Many of them did not mention that  
11 the suicide bombings were claimed by Hamas.

12 Q. What was the argot -- our government -- the United States  
13 government's position concerning responsibility of Iran for  
14 that spate of terrorism?

15 A. Both President Clinton and Secretary of State Christopher  
16 frequently condemned Iran for its sponsorship of the suicide  
17 bombings. I'm not sure if Mr. Clinton made the direct  
18 connection to Hamas as the intermediary through which this was  
19 done, but certainly Mr. Christopher did.

20 Q. And you've reviewed -- have you had an opportunity to  
21 review the confessions and the convictions of the four  
22 individuals who participated in the murder of the Ungars?

23 A. Yes, sir.

24 Q. And how would you characterize their -- this incident with  
25 regard to their training or their expertise?

1 A. Well, their confessions certainly describe a -- quite a  
2 professionally trained group, and many of the skills which they  
3 described for carrying out the terrorist actions are precisely  
4 the kind of skills which Iran was noted for in the -- by the  
5 Berlin court in the killings there. Many of those skills are  
6 precisely the things that Hamas did not have a few years  
7 earlier before its cooperation with Iran became much closer.

8 Q. And in the last few years, there have been a series of  
9 judgments against Iran for its participation or its support or  
10 involvement in terrorism.

11 How are those -- how are those judgments -- how are  
12 those -- how do they impact the government of Iran? How do  
13 they relate to those pronouncements, those judicial  
14 pronouncements?

15 THE COURT: Is that any of my business?

16 MR. STRACHMAN: Well --

17 THE COURT: Do I need to know that?

18 MR. STRACHMAN: I think it is significant, Judge, and  
19 I think it has to do with the nature of Iran and how they --  
20 how they interact with their sponsorship of terrorism.

21 THE COURT: All right.

22 THE WITNESS: Initially, the judgments were generally  
23 ignored in Iran. But especially since Congress changed the law  
24 to allow claimants to receive funds, there's been a great deal  
25 of attention paid in the Iranian press to these judgments; and

1 the way the issue is presented in the Iranian press is that the  
2 payments that are being made are out of Iranian money.

3 I know that that's something of a simplification of how  
4 the process takes place, but that's how it is presented in the  
5 Iranian press; and there's been a great deal of anger  
6 expressed. Iran passed -- the parliament passed a law allowing  
7 Iranian citizens to sue the United States in response; and  
8 there have been a lot of criticisms directed against the  
9 current Iranian government for not finding a way to bring an  
10 end to these lawsuits.

11 BY MR. STRACHMAN:

12 Q. Has there been a specific pronouncement by the Iranian  
13 government itself?

14 A. The Iranian supreme leader, the Iranian foreign minister,  
15 the head of the judiciary, the -- the parliament, in the  
16 preamble to the law allowing suits against Americans have all  
17 condemned these suits.

18 Q. And have you spoken to any officials of the Iranian  
19 government about these types of legal procedures?

20 A. Yes. I have spoken to -- well, officials of the Iranian  
21 government. I've spoken to lawyers who work for Iran. For  
22 instance, the head counsel for Iran at the Iran-U.S. claims  
23 tribunal in the Hague who, in fact, when he made a presentation  
24 here in Washington devoted his entire presentation to the  
25 subject of these suits, and why he thought they were



1 inappropriate; and he described also --

2 THE COURT: When was that?

3 THE WITNESS: I would have to refresh my memory, Your  
4 Honor. I believe the answer is that it was approximately 15  
5 months ago. I would have to check that.

6 THE COURT: Are those comments available on the web  
7 or some other place?

8 THE WITNESS: I have never seen those comments  
9 available, I'm afraid to say. I tried to get a copy of them,  
10 and I urged him to write them up for review.

11 THE COURT: You mentioned the perception in Iran that  
12 the money is coming from Iran. Is any money being paid on any  
13 of these judgments; and if so, by whom, and where is it coming  
14 from?

15 THE WITNESS: Your Honor, the money is being paid in  
16 these judgments for the compensatory damages, and the funds are  
17 paid out of the U.S. Treasury against the law which says the  
18 funds are to be then reclaimed from the assets which Iran had  
19 paid in to the U.S. Treasury before the revolution as  
20 prepayment for arms that were to be shipped to Iran.

21 And there's a sum of more than \$400 million that Iran  
22 prepaid at that time. And the U.S. government resisted calling  
23 that frozen money, frozen funds; and for a long time, there was  
24 quite a dispute taking place in Congress -- which I testified  
25 frequently -- about this money; and in the end, Congress said.

1 that payments could be made from the U.S. Treasury with a  
2 directive that the government was then to seek recovery from  
3 that account.

4 THE COURT: And is the government seeking recovery  
5 from that account?

6 THE WITNESS: That's a matter of considerable  
7 dispute. Because that account is in -- is in dispute in this  
8 U.S.-Iran claims tribunal. So one way of characterizing what's  
9 going to happen --

10 THE COURT: All in one lump sum or case by case.

11 THE WITNESS: Case by case, 10,000 lines are being  
12 disputed and have been for 20 years. As you might suspect,  
13 Your Honor, the accounting from the Defense Department was not  
14 perfect; and there's a lot of dispute about each line item, and  
15 there was a lot of bad will on both sides.

16 THE COURT: What about all these \$300 million  
17 judgments that have come down from this Court?

18 THE WITNESS: The punitive damages, Congress provided  
19 that the individuals could collect -- if they agreed to suborn  
20 their punitive damages to the U.S. government, they could  
21 collect --

22 THE COURT: Subrogate?

23 THE WITNESS: Subrogate. Excuse me. I'm sorry.

24 THE COURT: Suborning is a different idea entirely.

25 THE WITNESS: Yes, sir. My apologies, Your Honor.

1           Then the individuals could collect an additional amount  
2           based on the compensatory damages. So, in other words, if you  
3           agree to subrogate your punitive damages you get an additional  
4           amount calculated as a percentage of your compensatory damages.  
5           My understanding is that a number of the -- those who have  
6           gotten these judgments have agreed to that subrogation. A  
7           number of them have not.

8           And some of the lawyers involved are vigorously pursuing  
9           all kinds of ways of trying to collect money and come up with a  
10          variety of ideas that are --

11           THE COURT: But the compensatory damages are paid out  
12          promptly?

13           THE WITNESS: For those cases which were specifically  
14          cited by Congress in the law.

15          Now there's an interesting process going on of trying to  
16          add additional cases to that list --

17           THE COURT: You mean --

18           THE WITNESS: The law cited specific -- sorry to  
19          interrupt, Your Honor.

20           THE COURT: The 1996 law?

21           THE WITNESS: Then there was an amendment to that  
22          law. Excuse me, an additional feature -- it wasn't an  
23          amendment -- to that law which allowed then collections from  
24          this.

25           MR. STRACHMAN: If I could, Your Honor, it is my

1 understanding that in October of last year, of 2000, Congress  
2 amended the Foreign Sovereign Immunities Act and said --  
3 allowed for five judgments that were then -- had been obtained  
4 from the District Court. Those five judgment creditors would  
5 be paid the compensatory damages only. As I understand, four  
6 of them are against Iran, one was against Cuba.

7 The structure that was -- Dr. Clawson spoke about was  
8 accurate in the sense that there was a provision in the law  
9 that allowed for a 10 percent addition to the compensatory  
10 damage if the claimants transferred their right to punitive  
11 damages to the United States government. There are no -- has  
12 been no amendment to that law, to the best of my understanding;  
13 so no claims who have been made after -- excuse me, who  
14 received judgments that are not included in those five cases  
15 have been paid. Including the Elahi case which come down, was  
16 heard in December and the -- for instance, and the -- I think  
17 that was the first one after the law was passed.

18 THE WITNESS: I think, sir, there were a couple of  
19 other cases cited that in the event of judgments, payment could  
20 be made. I'm not sure about this. That was my impression.

21 THE COURT: We can look that up. That's very  
22 interesting. Go ahead.

23 THE WITNESS: Certainly what's gotten all the  
24 attention in Iran is the big numbers. What's gotten the  
25 attention in Iran is the large judgment amounts.

1 BY MR. STRACHMAN:

2 Q. So then the effect -- is it fair to say there is an effect  
3 to a large punitive damage award?

4 A. The large punitive damage awards gets attention in the  
5 Iranian newspapers and the foreign ministry regularly gets  
6 excoriated for not having figured out to way to stop this, and  
7 the United States gets attacked and there is discussion in the  
8 Iranian press as to whether or not Iran's national interests  
9 are best served by continuing to have -- its refusal to have  
10 dialogue with the United States; and it has helped in the  
11 process over the last year and a half of making the question of  
12 relations with the United States a matter of vigorous debate  
13 inside Iran.

14 Q. Okay.

15 MR. STRACHMAN: I believe that's all, Your Honor.

16 THE COURT: All right. Thank you, Dr. Clawson.

17 THE WITNESS: Thank you, sir.

18 (Witness excused.)

19 MR. STRACHMAN: Your Honor, that's all we have today  
20 in terms of the expert witnesses on the issue of liability. We  
21 initially thought we would have four witnesses. We have sort  
22 of tailored that back to three. We would ask -- I would ask if  
23 we could move to admit some of the other exhibits that are on  
24 our list.

25 THE COURT: Let's talk about them.